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FEB 17 1954

Chief, Western Hemisphere

LINCOLN

PBSUCCESS - Operational

Contact Report 18

Enclosed for your information and retention is a single copy
of LINCOLN Contact Report No. 18.

JEROME C. DUNBAR

Enclosure:

C/R 18

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gfb
17 February 1954

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C/R 18

CONTACT REPORT

DATE: 8 February 1954, 0900

PLACE: [] office, LINCOLN

COVER USED: None

PERSONS PRESENT: Mr. Barnes, [] King and [] Messrs. []

DISCUSSION:

1. Main points of discussion centered on the briefing of RUFUS during the past week. Discussion was carried on chiefly by the three individuals who were in actual contact with him: []

2. [] brought Col. King up to date re RUFUS, about the Gentlemen's Agreement between the Junta and the Group. There was no disagreement on the points in the agreement but they (RUFUS and []) felt that there should be some mention of the time element in the agreement.

Re FP - main discussion centered on targets, media to be used, personnel to be used both here and there and the problem of the radio. Station site has been promised in [] there, a general who is a friend of RUFUS. [] suggested that they go to [] and discuss putting the radio on an isolated hacienda - he thought that they could put it in effect 30 days prior to the effective date but that would not prove to be effective. Security was stressed as well as professional ability in locating staff personnel. [] feels that the army is a primary target for propaganda and it was suggested that one newspaper be devoted to army details, either wholly or in part.

last
Problem of finances was discussed. The [] payment taken down by Seekford was never received by him. He has promised to breakdown expenses; had provided [] with December receipts and he has them himself for January. We will pay through our secure facilities next month. New method of payment should strengthen our control over the whole situation.

RUFUS will be No. 1 man if this thing is a success. [] evidently wants it that way; his attitude with RUFUS is that of an elder statesman counselling. RUFUS is a dedicated man. RUFUS has departed - his documents will be returned to us after his arrival in Honduras. [] wants to see JCK

OCANA called [] home in [] and wanted [] to go to Washington. [] laughed the situation off. RUFUS says ARENAS has been removed from the directory of PUA (this was prior to his departure from there)

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[] interposed that RUFUS and ARENAS have been life-long friends. ARENAS is hot-headed, ambitious, anti-communist. RUFUS doesn't know OCANA.

3. [] then brought up the main points that he discussed with RUFUS which were chiefly ones which they had failed to put over to RUFUS through Seekford.

Different points were taken up as a matter of briefing. Main point was changing tactics to infiltration type entry. Agreement was reached on each separate target and this was gone into in detail. Importance of getting the control of all major targets was stressed. We must have control of Guatemala City before going on.

Air support - they stressed psychological advantage of having aircraft in the air. We left with them the idea that we welcomed an air show on the day from any outside interest. They want planes though they have given up the idea of using bombers.

Idea of compartmentation was thoroughly discussed. We will work from 6 separate staging sites and only RUFUS and his immediate staff will have the complete picture.

Subject of communications and R/Os was brought up. The first requirement laid on for fulfillment on his return was to acquire 20 R/Os and have them moved to Nicaragua. We have 6 now who have experience. RS-1 will require training period of 2-2½ months for men with experience.

RUFUS doesn't know actual details of personnel in Guatemala.

Methods of re-supply were discussed. We now have a firmed up list of supplies needed.

Sabotage training, leadership training were discussed. PIVALL is here now and should be ready to return about Thursday.

RUFUS is to turn over biographic data on his personnel to PIVALL after latter's return so that he can clear them. He is (RUFUS is) looking to us for the detailed planning.

Expenses were itemized: [] for the running of the 2 training camps; [] for the month of February. RUFUS will provide estimate for March on 15 February.

4. [] then discussed his contacts with [] and RUFUS. He got across to them the idea that there was organized, coordinated effort behind him.

Intelligence and security were discussed, stress being laid on security. He was enlightened as to [] relation to the group and will cooperate with him.

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He was advised that we need true names of sources so we can coordinate and verify with other sources. Channels of communications need to be checked and re-checked. Problem of courier routes was discussed. RUFUS said that the files (in his home in [] would take 2 months to go through, even if the person had a good knowledge of Spanish; they are at all times open to the group. He has a card file (one general, one with names of all known Communists and agents, one of anti-Communists). He has copies of these cards which he will give to [] to send to us. He was told that we have a secure means of communication through [] for communicating with us and with [] Our courier arrived in Tegucigalpa yesterday.). Of his own volition, he suggested that we get shorter lines of communication.

Previous conditioning of these men through discussions by them with [] set the stage so that by leading up to a subject, they automatically carried on so that the decisions appeared to be their own ideas.

Security - R/Os were discussed in detail. Intelligence net and R/Os contacts brought up in line with security. RUFUS knows the practical application even though he is not always familiar with the theories from the book. Dead-drop checked - courier will locate it for both the R/O and the intelligence net.

Possible S/W use was discussed. There is censorship in Guatemala but with any medium level S/W system the Guatemalans couldn't detect it.

Use of camera with agent. Seemed to see no problem in getting the film across. He realized fully that Don Ricardo needed these films for his planning.

Necessity of a CE section under intelligence staff was brought up; it is needed to continuously check cut-outs, couriers. He now has an outline of a group for this purpose. Compartmentation was brought up in different aspect

Subject of DELGADO was brought up. He said he (Delgado) is one of our biggest problems at the present time as he knows everything in general pattern. RUFUS felt that they must get DELGADO in their control as soon as possible. He feels that this was a one-time sell-out, that Delgado had not been working for them before.

Subject of polygraphing was raised with regard to Delgado interrogation. [] suggested that perhaps the polygraph should be set up for the CE subjects. RUFUS then volunteered to be the first one to go on it so that the rest of the staff would take it. This Delgado deal showed the need for a polygraph. He is anxious to bring him back and use the machine on him.

immediate

Possibilities of another penetration on his own/staff was brought up.

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He thinks that the channel used in obtaining Delgado's services may have been through [] an import-export man, close friend of Delgado, who is a close friend of the Ambassador from Costa Rica to Honduras. [] from Argentina, who is in Tegucigalpa, might be another possibility. He (RUFUS) has heard that [] has been the link for Communists getting money from Honduras to Guatemala.

Delgado is one of RUFUS' immediate problems. [] interposed that [] is also going to Costa Rica. He and [] are other problems to be met with. [] knows a lot and is a security problem. He might know more than Delgado because he knows personalities involved in Guatemala. [] house in Guatemala City was previously used as a meeting place by the revolutionary group, war maps were there, etc. The fact was also mentioned that [] could be bought by the highest bidder. There are two possibilities or [] 1) if he is still a US citizen, cancel his passport and get him out of Guatemala or 2) offer him a lucrative job in the US and get him back here. Another alternative was that he be called t [] for an important meeting and his passport be picked up then.

[] is a chronic drunk and needs to be quieted.

Facts Delgado knew but which haven't been publicized yet are: the trip to Havana as he was coming to Miami; trips to Panama for propaganda material; trip that [] made about [] to Tegucigalpa to Nicaragua to speak with [] Delgado introduced them). [] also made a trip to El Salvador about [] and called on the present []

[] Delgado made a trip to Venezuela to buy []

[] said he would send a special envoy to talk with RUFUS. BOLANO is being held prisoner by Somoza and has been held for the past 8 months. RUFUS had received information that BOLANO still had family members in Guatemala, was discouraged with the whole thing and planned to return to Guatemala and reveal all he knew to the Communist government in Guatemala. Delgado flew BOLANO to Nicaragua and Somoza imprisoned him.

5. Col. King was interested in information about a BOLANOS, former Minister of Defense of El Salvador who is very close to the president there - he is blocking the acceptance by El Salvador of the National Defense pact.

6. Question of trying to spring [] came up. The Junta has two lawyers in Guatemala who are going to attempt to visit [] see what condition he is in and get information from him and also try to obtain his release.

7. Finance situation was discussed. We currently have a balance of [] to the good. We will need [] before the end of February. Budget discussion was followed with a breakdown. It was suggested that RUFUS' funds be given through [] and JCK approved this. Disbursements must always be made in RUFUS' name. No specific funds have been set up for each station yet; only February budget has been established. It was suggested that an arbitrary figure be established and that a reserve fund be supplied as

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station which would be available for use only after cabled approval from HQS for release of the funds. [] should be set up as a reserve fund with perhaps more to Guatemala [] said he felt that once over what is expected to be the monthly expenditure should be a good figure to use for setting up a reserve. PP and FI agreed that one month's working reserve should be provided the stations and this would cover any gaps that might occur in getting funds to the stations as has happened in the past.

JCK orally authorized transfer of funds from one task to another as required.

Resume of tasks to be completed was made by []

Meeting adjourned at 11:20.

pm
8 Feb. 54

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